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UNCLAS QUITO 002943

SIPDIS

FOR STATE EB/TPP/ABT EDWARD HEARTNEY AND PASS TO  
COMMERCE/ITA/OTEXA/MARIA D'ANDREA

E.O. 12958: N/A

TAGS: [KTEX](#) [ECON](#) [ETRD](#) [EC](#)

SUBJECT: TEXTILES AND APPAREL EMPLOYMENT AND PRODUCTION IN  
ECUADOR

REF: STATE 184238

1. Summary. Reftel requests information on the textile and apparel sectors in Ecuador. Statistical information, particularly with respect to employment information, is highly unreliable in Ecuador. In general, textile production increases appear to have outpaced overall industrial production growth, with increases in imports and exports in the sector, but it still accounts for a small share of Ecuador's total trade. Apparel production has reportedly fallen during the 2002-03 period, but the local trade association had no specific data on apparel imports and exports during that period. In 2002, the estimated formal employment in the manufacturing sector was 121,000 to 221,000. According to Ecuador's Textile Trade Association, current direct employment in the textile sector is 25,000, with an additional 100,000 jobs indirectly supported by the textile industry. End Summary.

#### Production

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2. According to Ecuador's Census Bureau (INEC), total industrial production in the country increased from 2002 to 2003 at an annual rate of 3%, from \$10,886 to \$11,213 million. Ecuador's Textile Industry Association (AITE) reports that textile production increased from \$248 million to \$273 million from 2002 to 2003. However, total apparel production fell from \$19 to \$17 million in 2002-03.

#### Imports and Exports

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3. INEC reported that textile imports increased by six percent from 2002-03 (\$229 to \$244 million in CIF value). Still, textile imports account for a very small share of total imports, rising from 3.56% to 3.73% of total imports over that same period.

4. According to INEC, textile exports (measured in FOB dollars) grew at an annual rate of 13.5% from 2002-03, though from a very small base (\$66 to \$75 million). Textiles' share of total exports actually fell from 1.31% to 1.24% over that same period.

5. Figures for apparel imports and exports are not available, but anecdotal evidence indicates that apparel imports from Asia have grown significantly in the past several years, resulting in a drop in apparel production and employment. It is widely believed that much of the Asian apparel enters Ecuador informally, without passing through customs or paying duties.

#### Employment

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6. INEC only reports employment numbers for the formal sector and suggests that formal employment accounts for only 55% of total employment in Ecuador. In 2002, INEC estimated the number of persons formally employed in the manufacturing sector to be between 121,000 - 221,000. INEC statistics do not break down manufacturing employment by industry sector. Also, reportedly, much of the employment in the textile and apparel industry is informal employment. Therefore, employment estimates in those sectors are highly unreliable.

7. According to AITE, current direct employment in the textile sector is 25,000. However, due to the potentially large numbers employed informally, the number could be much larger. In the past several years, AITE puts annual textile employment growth at 2.8%. AITE also claims that 100,000 additional indirectly supported jobs are created by the textile sector. However, there is no data as to where those indirectly supported jobs can be found. Employment figures were not available for the apparel industry in Ecuador.

8. The government collects statistics annually, and the industry collects them sporadically, at best. We do not expect that statistics will be collected more frequently or that their reliability will improve in the near future.

KENNEY